

ORIGINAL

DIVISION OF CONSUMER ADVOCACY
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PUBLIC UTILITIES
COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
PUBLIC UTILITIES COMMISSION)
Instituting a Proceeding to Investigate the)
Implementation of Feed-in Tariffs.)

DOCKET NO. 2008-0273

**DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO HECO
COMPANIES AND BLUE PLANET ON THEIR PROPOSED RELIABILITY
STANDARDS AND HECO COMPANIES' PROPOSED QUEUING AND
INTERCONNECTION PROCEDURES**

Pursuant to Order Setting Schedule, filed on October 29, 2009, the Division of Consumer Advocacy submits its **INFORMATION REQUESTS TO HECO COMPANIES AND BLUE PLANET ON THEIR PROPOSED RELIABILITY STANDARDS AND HECO COMPANIES' PROPOSED QUEUING AND INTERCONNECTION PROCEDURES** in the above docketed matter.

DATED: Honolulu, Hawaii, February 16, 2010.

Respectfully submitted,

By Dean Nishina
DEAN NISHINA
Executive Director

DIVISION OF CONSUMER ADVOCACY

DOCKET NO. 2008-0273

PUBLIC UTILITIES COMMISSION

**DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO HECO
COMPANIES AND BLUE PLANET ON THEIR PROPOSED RELIABILITY
STANDARDS AND HECO COMPANIES' PROPOSED QUEUING AND
INTERCONNECTION PROCEDURES**

INSTRUCTIONS

In order to expedite and facilitate the Consumer Advocate's review and analysis in the above matter, the following is requested:

1. For each response, the Company should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, the Company should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by the Company to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, Company instructions, or any other relevant authoritative source which the Company used.

4. Should the Company claim that any information is not discoverable for any reason:
 - a. State all claimed privileges and objections to disclosure;
 - b. State all facts and reasons supporting each claimed privilege and objection;
 - c. State under what conditions the Company is willing to permit disclosure to the Consumer Advocate (e.g., protective agreement, review at business offices, etc.); and
 - d. If the Company claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that the Company claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

DOCKET NO. 2008-0273

PUBLIC UTILITIES COMMISSION

**DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS
TO HECO COMPANIES ON THEIR PROPOSED QUEUING AND
INTERCONNECTION PROCEDURES**

CA/HECO-IR-1 **Ref: February 1, 2010 Transmittal Filing, page 3, Note 1.**

Hawaiian Electric Company, Inc. ("HECO"), Hawaii Electric Light Company, Inc. ("HELCO"), and Maui Electric Company, Ltd. ("MECO") (collectively, "the HECO Companies") state, in relevant part, that the Feed-in Tariff ("FIT") Program queue system will operate in parallel with other energy contracting mechanisms, including, but not limited to, negotiated power purchase agreements ("PPAs") and competitive bidding. According to the HECO Companies, the February 1, 2010 Transmittal Filing "pertains specifically to the FIT Program" and that "in developing the proposed FIT queuing procedures, the [HECO] Companies are mindful of [the FIT queuing procedure's] potential applicability to other energy contracting mechanisms and the importance of establishing an overall energy procurement framework that is fair and transparent to all projects, regardless of contract type."

- a. Please discuss whether the FIT queuing procedures should be reviewed, analyzed, and considered as a "stand-alone" proposal or with respect to, or in the context of, the other energy contracting mechanisms available to the HECO

Companies, such as negotiated PPAs and the Competitive Bidding Framework.

1. If the HECO Companies believe that the FIT queuing procedures should be reviewed, analyzed, and considered as a “stand-alone” proposal without regard to the other energy contracting mechanisms available to the HECO Companies, please explain why the HECO Companies reach that conclusion.
- b. Please explain how the HECO Companies envision the FIT queuing procedures fitting into the broader array of energy procurement mechanisms that the HECO Companies use to meet their obligations to serve their customers safely and reliably. In answering the information request, please discuss how the FIT queuing procedures will work if the HECO Companies also have viable energy projects (delivery of energy to the HECO, HELCO, or MECO grids) available through a negotiated PPA and/or the Competitive Bidding Framework.
- c. Assuming that, as presently configured and with the existing amount generating resources available, the HECO Companies can only accept a finite amount of energy onto their respective systems, how should the FIT queue be

viewed with respect to the HECO Companies other energy procurement mechanisms?

- d. Assuming that, as presently configured and with the existing amount generating resources available, the HECO Companies can only accept a finite amount of energy onto their respective systems, how should the FIT queue be viewed if the HECO Companies have viable options available under different procurement mechanisms, assuming further that each viable option can provide energy to the HECO, HELCO, or MECO grid within similar timeframes?

CA/HECO-IR-2

Ref: Attachment A, February 1, 2010 Transmittal Filing, page 9 (Queuing Procedure).

- a. For all completed FIT Application Packages, the HECO Companies will assess, among other things, each FIT project relative to the project's impact upon system reliability, the ability of the project to interconnect to the system in an expeditious manner, and the availability of sufficient distribution or transmission capacity to connect the project to the HECO Companies' systems. Please confirm that this means that each project must pass an initial review before the project is eligible to be placed in the FIT queue.

- b. If FIT Application Packages must pass an initial review before a project will be eligible to be placed in the FIT queue, what order will FIT Application Packages be reviewed?
 - 1. On a "first come, first served" basis, regardless of whether the FIT Application Package is complete or not?
 - 2. By the date (and if need be, time) by which the FIT Application Package is deemed complete?
 - (a) If so, who deems a FIT Application Package to be complete?
 - (1) The HECO Companies in their sole discretion?
 - (2) The HECO Companies, following consultation with the Independent Observer?
 - (3) The Independent Observer, following consultation with the HECO Companies?
 - (4) The Independent Observer in his or her sole discretion?
 - (5) Some other configuration involving both the HECO Companies and the Independent Observer?

- (6) By following a checklist posted on FIT Application website?
- 3. By some other ordering method?
 - (a) If so, please describe the method.
 - (b) Why was that method selected?
- c. Please confirm whether it is possible that the order in which FIT Application Packages are reviewed could have impacts on the subsequent review of other, later submitted and/or reviewed, FIT Application Packages.
 - 1. If there could be impacts on the review of other, later submitted and/or reviewed, FIT Application Packages, *could the order of initial review referenced in part (b) of this information request be important to FIT subscribers (i.e., project developers)?*
- d. Does the tier in which a FIT Application Package fall – either Tier 1, 2, or 3 – make a difference in the order in which a FIT Application Package is reviewed?
 - 1. If the answer is “yes,” please explain why the treatment is different for FIT Application Packages in Tiers 1, 2, and 3.
- e. Please explain what the HECO Companies mean when it says “the ability of [a] project to interconnect to the system in **an expeditious manner.**”

- a. Please explain how the HECO Companies envision the FIT queuing procedures working with respect to Tiers 1, 2, and 3 of the FIT Program. In answering the information request, please discuss how the FIT queuing procedures will work if the HECO Companies have viable energy projects (delivery of energy to the HECO, HELCO, or MECO grids) available through Tiers 1, 2, and 3 of the FIT Program in the same circuit or geographic location.
- b. Assuming that, as presently configured and with the existing amount of generating resources available, the HECO Companies can only accept a finite amount of energy onto their respective systems, how should the FIT queue be viewed with respect to Tiers 1, 2, and 3 of the FIT Program?
- c. Assuming that, as presently configured and with the existing amount of generating resources available, the HECO Companies can only accept a finite amount of energy onto their respective systems, how should the FIT queue be viewed if the HECO Companies have viable options available Tiers 1, 2, and 3 of the FIT Program, assuming further that each viable option can provide energy to the HECO, HELCO, or MECO grid within similar timeframes?

- a. Please provide a detailed comprehensive list of items that must be provided in order for an application to be deemed complete.
 - 1. If the Company anticipates having a different checklist for each tier, please provide each checklist, as applicable.
 - 2. If not evident, please discuss the effect, if any, that the different checklists might have on the queuing order.
- b. Please discuss whether the Companies will be developing standardized forms to be attached to the application checklist or form to establish homogenous forms to expedite the review process, as compared to allowing different forms to be used, which might require additional time to gather the necessary information from those non-standardized forms.
- c. If not already discussed, please provide a detailed discussion of the intake application process and the "public" viewing access to determine the status of the application review, determination of completeness and queuing order.

CA/HECO-IR-5

Ref: Attachment A, February 1, 2010 Transmittal Filing.

- a. The Company indicates that the proposed queuing process for Tiers 1 and 2 is illustrated in Figure 1. Please discuss whether the Company expects or proposes to use a different process for Tier 3 applications, when developed. If so, please identify the anticipated differences.
- b. For each of the differences, please explain why that difference is required.

CA/HECO-IR-6

Ref: Attachment A, February 1, 2010 Transmittal Filing.

- a. Based on the Company's Figure 1, it appears that applications requiring an interconnection study will not be considered as complete for queuing purposes until the applicant pays for the study and the study has been completed. Please confirm this understanding.
 1. If not, please provide the necessary corrections to this understanding.
- b. Please describe the IRS process and how the studies will be completed.
 1. If not already discussed, please confirm that each interconnections study will be conducted on a "first-in, first-out" basis that is based on the order of receipt, regardless of procurement mechanism.

2. If not, please discuss how the order to perform and complete interconnection studies will be determined.
- c. If not already discussed, please discuss whether it is generally reasonable to expect different review times for interconnections studies depending on the project size. For instance, will a Tier 3 IRS generally take longer than a Tier 2 IRS? Please explain.
- d. If there are expected differences in the times required to conduct IRS for different tiers, please discuss the advantages and disadvantages to prioritizing studies and applications expected to take less time to complete.

CA/HECO-IR-7

Ref: Attachment A, February 1, 2010 Transmittal Filing.

- a. Please confirm that any application that requires an IRS will be placed on "hold" until the study is complete and that, until the IRS is completed, that application will not be placed in the queue.
- b. Assume that, at the time of the application, the completeness checklist is met, but during the course of the project, the status of one or more items changes such that the application might no longer be deemed complete. Please discuss whether there is any grace period for

correction of the item(s) that changed and what impact, if any, that has on the queuing order.

DOCKET NO. 2008-0273

PUBLIC UTILITIES COMMISSION

**DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS
TO HECO COMPANIES ON THEIR PROPOSED RELIABILITY STANDARDS**

CA/HECO-IR-8 **Ref: February 8, 2010 Transmittal Filing, page 2.**

The HECO Companies state, in relevant part, as follows:

. . . in developing . . . reliability standards, the [HECO] Companies endeavored to develop standards which would[] (1) define the circumstances in which [feed-in tariff ('FIT')] projects can and cannot be incorporated on each island without markedly increasing curtailment, either for existing or new renewable [energy] projects; (2) allow . . . utilities to maintain system reliability; (3) avoid unreasonable costs to ratepayers; and (4) allow a developer . . . to be able to gauge the probability that its project could be developed on a particular grid system.

- a. Please explain whether, given the current state of the HECO Companies generation, transmission, and distribution infrastructure, and the existing state of energy production, transmission, and distribution technology available on the relevant markets, the HECO Companies, in general, agree with the following statement: "The peak customer load - whether it be the system peak or the daily peak – on any given island at any given time represents, irrespective of generation source (in other words, ignoring the means by which customer load will be met), the maximum amount of

energy (i.e., electricity) that the HECO Companies require to meet its obligation to serve all customers.”

- b. Please explain whether, given the current state of the HECO Companies generation, transmission, and distribution infrastructure, and the existing state of energy production, transmission, and distribution technology available on the relevant markets, the peak customer load – whether it be the system peak or the daily peak – also represents the maximum amount of energy (i.e., electricity) that the HECO Companies can accept onto its constituent systems (i.e., the HECO, HELCO, or MECO grids) at any given time.
- c. Please explain why the HECO Companies believe that the *Companies’ Load Forecast and/or Adequacy of Supply Report* analyzed in conjunction with the *Companies’ Capacity Planning Criteria* is insufficient to:
 - (1) define the circumstances in which FIT projects can and cannot be incorporated on each island without markedly increasing curtailment, either for existing or new renewable [energy] projects; (2) allow the utilities to maintain system reliability; (3) avoid unreasonable costs to ratepayers; and (4) allow a developer . . . to be able to gauge the probability that its project could be developed on a particular grid system.
- d. Please discuss whether (I) the FIT queuing procedures, (II) queuing procedures in general, and/or (III) curtailment order would be more important than the reliability standards

in (1) defining the circumstances in which FIT projects can and cannot be incorporated on each island without markedly increasing curtailment, either for existing or new renewable energy projects and (2) allowing a developer to be able to gauge the probability that its project could be developed on a particular grid system.

CA/HECO-IR-9

Ref: February 8, 2010 Transmittal Filing, page 2 through 3.

The HECO Companies state, in relevant part, that:

. . . [d]uring the development of . . . reliability standards, there were discussions, both internal and with stakeholders, regarding whether reliability standards such as those adopted by the North American Electric Reliability Corporation ("NERC") for the Bulk Electric Systems of North America would be sufficient. It was determined, consistent with the Commission's recognition that "*simple metrics might not fully capture reliability considerations*," that more was needed in order to comply with the directives noted above. (Decision and Order at 50.) Specifically, simple metrics would not necessarily allow a developer to be able to gauge the probability that its proposed project could be interconnected to a particular grid system (i.e., that there is "room" on a particular system) absent a project specific evaluation against all of the reliability criteria. (Footnotes omitted.)

- a. Please explain how the HECO Companies' Capacity Planning Criteria is conceptually different from those reliability standards issued and/or approved by NERC.
- b. Please explain why the HECO Companies believe that the Companies' Load Forecast and/or Adequacy of Supply

Report analyzed in conjunction with the Companies' Capacity Planning Criteria is insufficient to gauge, in a rough sense, whether a "proposed project could be interconnected to a particular grid system (i.e., that there is "room" on a particular system) absent a project specific evaluation"

DOCKET NO. 2008-0273

PUBLIC UTILITIES COMMISSION

**DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS
TO BLUE PLANET FOUNDATION ON THEIR PROPOSED RELIABILITY
STANDARDS**

CA/BPF-IR-1

Ref: February 8, 2010 Transmittal Filing.

Please explain how Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd.'s Capacity Planning Criteria is conceptually different from those reliability standards issued and/or approved by the North American Electric Reliability Corporation.

CA/BPF-IR-2

Ref: February 8, 2010 Transmittal Filing.

Page 2 of Reliability Standards filed by Blue Planet Foundation ("Blue Planet") on February 8, 2010 states in part that:

Once approved by the U.S. Federal Energy Regulatory Commission ("FERC"), NERC reliability standards become legally binding on all owners, operators and users of the bulk power system. NERC has the legal authority to enforce compliance with NERC reliability standards, which it achieves in part through the imposition of financial penalties.

As Blue Planet is recommending the establishment of reliability standards in Hawaii similar to the NERC standards, please discuss whether Blue Planet is recommending that such standards be applicable to all owners and operators of generation connecting to the HECO Utilities' electric system. If not, please explain why.

CA/BPF-IR-3

Ref: February 8, 2010 Transmittal Filing.

Page 9 of Blue Planet's Reliability Standards states in part that:

Given the HECO program cap of nameplate capacity equal to five percent of 2008 system peak demand, system reliability issues for HECO during the initial two-year FIT appear unlikely.

Please provide the analysis conducted by Blue Planet in its determination that its recommended system cap on HECO's nameplate capacity of its existing generating units would not result in system reliability issues during the initial two-year FIT.

CA/BPF-IR-4

Ref: February 8, 2010 Transmittal Filing.

Page 11 of Blue Planet's Reliability Standards recommends the implementation of flywheel storage technology. Please provide copies of any documentation that Blue Planet has on projects implemented using the flywheel storage technology.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO HECO COMPANIES AND BLUE PLANET ON THEIR PROPOSED RELIABILITY STANDARDS AND HECO COMPANIES' PROPOSED QUEUING AND INTERCONNECTION PROCEDURES** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

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DATED: Honolulu, Hawaii, February 16, 2010.

A handwritten signature in dark ink, appearing to read "Isaac Moriwake", is written over a horizontal line.